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CalPERS eNews for June 19, 2003

CalPERS OK's 2004 Health Rates Package

The Board of Administration has adopted a new health package for the 2004 calendar year. It offers short-term cost avoidance measures aimed at easing the impact of continuing health care inflation on the Program's 1.2 million enrollees, and provides contract guidelines aimed at long-term restraints on costs and improved quality of care. Estimated premiums for Basic HMO plans will rise by an average of 16.7 percent to 18.4 percent. For more information:

* Press release summarizing rate action at

<http://www.calpers.ca.gov/whatsnew/press/2003/0618b.htm> summarizing rate action

* Fact sheet on Program enrollment, rate history at

<http://www.calpers.ca.gov/about/factplan/health/health.pdf>

Corporate Governance Plan Cracks Down on Fat Cat Pay

CalPERS has adopted a comprehensive action plan to crack down on abusive executive compensation plans in corporate America and hold compensation committees more accountable for their actions. CalPERS will publicly scrutinize companies with the worst and best trends in executive compensation, and outlines a model executive compensation policy statement for companies to use as a blueprint to develop their own policy. It also unveils specific areas where CalPERS will vote its shares against compensation issues. CalPERS expects to fully implement our plan by Fall 2003 and will use it to vote our shares in the 2004 proxy season.

* Press release outlining plan at <http://www.calpers.ca.gov/whatsnew/press/2003/0617a.htm>

* Related Board agenda item at

<http://www.calpers.ca.gov/whatshap/calendar/board/invest/200306/Item07c.doc>

Emergency Rules for Exit, Re-Entry of Health Contracting Agencies

The Board has adopted an emergency regulation that provides a 60-day window for contracting agencies to notify CalPERS that they are withdrawing from the Health Program. The new rule changes the notification deadline from June 1 to 60 days after 2004 rates are published. The Board also adopted, subject to approval by the State Office of Administrative Hearings, another emergency regulation to revise re-entry criteria for contracting agencies that have withdrawn from the Health Program. Currently, an agency has to wait two years after termination before it may rejoin the Program. The new rule would extend the period for up to five years.

* Background on 60-day window at

<http://www.calpers.ca.gov/whatshap/calendar/board/hbc/200306/Item07.doc>

* Re-entry criteria at

<http://www.calpers.ca.gov/whatshap/calendar/board/hbc/200306/Item08.doc>

Self-Funded Health Plan Tops Fiscal Goals

Our two preferred provider organizations, PERSCare and PERS Choice reported significant gains for the first quarter of 2003. If current trends continue through 2003, they would have enough reserves to cover four months of claims and expenses, or equal to a range of \$270 million to \$310 million. The target reserve level for the end of 2003 is 3.5 to 4 months of claims and expenses. Both Basic and Medicare supplemental plans logged significant gains during the quarter.

* PPOs' fiscal report at

<http://www.calpers.ca.gov/whatshap/calendar/board/hbc/200306/Item10.doc>

Market Gains Boost Pension Fund's Portfolio

The CalPERS investment portfolio gained \$7.2 billion in the value of total assets over a 1-month period, the Board's Investment Committee was told at its mid-June meeting. Total fund market value was \$137.8 billion as of April 30, 2003, compared with \$130.7 billion on March 31, 2003. Staff credited the improving stock market for the portfolio's biggest 1-month increase since April 2000.

* Portfolio report at

<http://www.calpers.ca.gov/whatshap/calendar/board/invest/200306/Item10a-03.pdf>

Legislation Sought for Top-Salaried Professionals

CalPERS is seeking state legislation to re-establish jobs for more than two dozen senior investment managers and its chief actuary. The legislation is intended to provide legal authority allowing CalPERS to hire investment managers and set salaries. Otherwise, the positions will expire as the result of court rulings.

* Press release at <http://www.calpers.ca.gov/whatsnew/press/2003/0530a.htm>

2003 Retired Board Member Election Canceled

The incumbent, CalPERS Retired Board Member representative, Robert Carlson was a single unopposed candidate with a valid nomination petition and nomination acceptance. As a

result, the remaining election procedures for the 2003 Retired Election are canceled. Carlson's name will be submitted to the Secretary of State for certification as the election winner of the 2003 Retired Board Member Election. Certification takes up to four weeks. The term of office will be from January 16, 2004 through January 15, 2008.

* Robert Carlson biography at

<http://www.calpers.ca.gov/about/board/structur/bios/bios5.htm>

New Appointments at CalPERS

Holly Fong has been selected as the Chief, Fiscal Services Division. Fong has served as the Assistant Division Chief for the past three and a half years. Prior to that she was manager of CalPERS Business Process Unit. Fong has held several accounting positions during her career including posts at CalTrans and the State Controller's Office. Karen Neuwald will join CalPERS July 14 as the Chief of the our Governmental Affairs Office. Neuwald served as the Assistant Director of Legislation for the Department of General Services for the past five years. Before that she spent seven years at the Department of Personnel Administration as the Legislative Coordinator.

State Budget Problems & CalPERS Benefits

CalPERS is often asked, "How do the state's budget problems affect retirees' monthly benefit checks?" They can be assured that their pension benefits will be paid on time and without interruption, whether the State budget is enacted by June 30 or deliberations continue.

The CalPERS Board: Its Members, What They Do

Find out about the 13 people who have the final say on what happens to the pension fund. The Board of Administration oversees administration of retirement and health benefits for 1.3 million CalPERS members.

For more details:

* Board background information at <http://www.calpers.ca.gov/about/board/board.htm>

* Board Structure information at

<http://www.calpers.ca.gov/about/board/structur/structur.htm>

* Meeting Schedule at <http://www.calpers.ca.gov/whatshap/calendar/board/board.htm>

CalPERS eNews brings you important information on the issues and activities impacting CalPERS programs and services. For more information, contact the CalPERS Office of Public Affairs at (916) 795-3991.

Publication Schedule

CalPERS eNews is released during the first and third weeks of each month. Occasionally, special issues called eAlerts may be sent about timely, major CalPERS announcements or events.

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